## Contents

<table>
<thead>
<tr>
<th>Welcome to QuickBooks Online payroll</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>When to set up payroll</td>
<td>4</td>
</tr>
<tr>
<td>What you need</td>
<td>4</td>
</tr>
<tr>
<td>1. Turn on payroll</td>
<td>5</td>
</tr>
<tr>
<td>2. Enter your company details</td>
<td>6</td>
</tr>
<tr>
<td>3. Enter your payroll details</td>
<td>7</td>
</tr>
<tr>
<td>4. Enter employee details</td>
<td>9</td>
</tr>
<tr>
<td>5. Enter employee tax and payment details</td>
<td>11</td>
</tr>
<tr>
<td>6. Set up BACS payment file exports</td>
<td>13</td>
</tr>
<tr>
<td>7. Enter HMRC settings</td>
<td>14</td>
</tr>
<tr>
<td>8. Enter your year-to-date payroll data</td>
<td>15</td>
</tr>
<tr>
<td>9. Enter year-to-date liability payments</td>
<td>17</td>
</tr>
<tr>
<td>10. Check your year-to-date payroll data</td>
<td>18</td>
</tr>
<tr>
<td>11. How to run payroll</td>
<td>19</td>
</tr>
<tr>
<td>12. Repeating your old pay runs</td>
<td>20</td>
</tr>
<tr>
<td>13. Get further help</td>
<td>26</td>
</tr>
</tbody>
</table>
Welcome to QuickBooks Online payroll

Thanks for choosing QuickBooks Online.

This guide contains everything you need to set up payroll, showing you how to:

• Turn on payroll and enter your company’s details

• Enter employee details and salaries

• Create BACS files, so you can easily pay your staff

• Use QuickBooks to send payroll information to HMRC

• Input figures from your current payroll software or records

We’re here to help

Need assistance getting started? Turn to page 26 to learn where to get extra support.
When to set up payroll

Although you can start using payroll in QuickBooks at any time, it’s easiest to get set up at the start of a payroll tax month (the 6th of any month in the year).

If you run payroll weekly, make sure you have processed all payroll runs in the previous tax period before you move to QuickBooks Online.

For example, if you run payroll each Thursday and plan to move to QuickBooks on Friday 4 July, make sure you have processed payroll up to and including the previous Thursday, 3 July.

What you need

To make setting up payroll easy, gather this information first:

- **PAYE and National Insurance contribution totals for your employees**
  Make sure you can see individual figures for employer and employee contributions. You can find this information on each employee’s P11 form, on payslips, or by viewing the details in your current payroll software.

- **Full personal information for all employees**
  This includes name, address, date of birth, National Insurance number, salary or wage, how many hours and days they typically work each week, and the date they started working for you.

- **P45 or P46 forms for everyone who has joined or left in this tax year**
  To make sure your payroll records are accurate, you’ll need to enter information about anyone who’s joined or left your company since the start of this tax year (6 April).
  For instance, you must enter how much a new employee was paid in their previous job.

- **Access to your current payroll software or service**
  If you use software to run your payroll at the moment, keep it to hand so you can check any details. If you rely on a payroll bureau or your accountant, you might need to contact them for information.
1. Turn on payroll

To get started, turn on payroll functions in QuickBooks:

1. Sign in to QuickBooks Online at [https://go.qbo.intuit.com/](https://go.qbo.intuit.com/)
2. In the navigation bar, choose Employees
3. Select the Turn on Payroll button
4. A welcome screen will appear. Select Continue once you’re ready.
2. Enter your company details

You’ll see the New Company Setup screen, where you can provide some basic information.

1. Under Company Administration, make sure the RTI Enabled box is ticked.

2. If your business qualifies for Small Employers’ Relief, tick Small Employer.

3. If you claim the Employment Allowance, tick Employment Allowance Enabled.

4. Under Company Details, check your company name. The Unique Ref is assigned by QuickBooks.

5. Once you’re happy with the information shown, select Save.
3. Enter your payroll details

Now you can use the New Payroll Setup screen to enter details of your payroll.

**Take care...**

Double-check the information you enter on this screen. It cannot be changed later.

1. Enter a Payroll Name. This is how the payroll will be labelled in QuickBooks.

2. QuickBooks will create a Payroll Identifier, used to identify the payroll in the software. You can change it, but most people don’t bother.

3. Choose your Payroll Type. This is usually PAYE.

4. Choose your Pay Frequency. This is how often you run payroll — Monthly or Weekly.

If you choose Monthly:

- Enter Your First Month. This is the first month in which you will use this system to run payroll.
  
  **Note:** if you decide to repeat your old pay runs (see page 20), the date you enter here should be the first date of the current Tax Year, even though this is in the past.

- Select your Pay Day Mode. This determines when employees are paid. *For example, you can run payroll on the last Thursday of each month.*

If you choose Weekly:

- Select your Normal Pay Day. This is the day of the week on which employees are paid.

- QuickBooks will show your First Pay Date.

If you want to change this (for instance you want to push it back by a week), select the date, then choose the new date from the calendar that appears.
3. Enter your payroll details... continued

Select a Payment Method to confirm how you pay your employees.

Enter the Hours per Week a typical employee works. If this varies, enter the most common working hours. You can specify each employee’s hours individually when you run payroll.

Select the days of your Normal Working Week. If they vary, choose the most common.

Use the Offset SSP checkbox to decide how you want to record statutory sick pay (SSP) when employees are absent:

- Select Offset SSP if most employees receive a standard salary or wage that is more than SSP.
- Leave Offset SSP unselected if your employees are paid according to how many hours they work.

You can also change SSP settings for individual employees later.

In the Pro-Rata Method dropdown, select Qualifying Days Annual if you want QuickBooks to automatically calculate payments for starters and leavers.

If you choose this option, QuickBooks will use an employee’s annual salary to calculate their daily rate of pay. When that employee starts or leaves the company, QuickBooks will use this daily rate to adjust their first or last payment correctly.

Once you’re happy with the information shown, select Create New Payroll.

Good news!
You’ve activated payroll in QuickBooks.
Now you can add your employees’ details.
4. Enter employee details

Now you can start entering information about your employees. QuickBooks will use them each time it runs payroll.

**1** In the navigation bar, choose Employees.

**2** Select New Employee:
(The Import employees from QuickBooks button can be used if you had already entered your employees’ information before you activated payroll.)

**3** Under Personal Details, enter information about an employee:
4. Enter employee details... continued

4 Use the Employment Details section to enter information about this person’s employment:

- **Employee Pay ID** can be anything you like. If your employees have IDs in your current payroll system, you can use these. Many companies number their employees, starting from 1.

- **Join Date** is the date this employee started working for your business.

- **Department** is the company department this person works in. You can leave this blank for now. To create departments later, select the QuickBooks cog icon, then choose Payroll Settings.

Starting Declaration describes the employee’s circumstances when you start running their payroll in QuickBooks. **Option B** is appropriate for most employees. Choose **Option C** if this person has another job or receives a pension.

5 Enter the employee’s Address Details.

6 Once you’re happy with the information you’ve entered, select **Continue**.
5. Enter employee tax and payment details

1. Enter this employee’s Tax Details. You can usually copy these over from your current payroll system:

   - **Tax Code** is the employee’s tax code, usually supplied by HMRC.
   - **Tax Basis** defines how tax deductions are calculated when you run payroll for this employee. The tax basis will be the same as on the employees most recent payslip or if they are a new employee their P45.
   - **NI Number** is the employee’s National Insurance number.
   - **NI Code Letter** defines the employee’s National Insurance category. For most permanent employees this is A.

2. Under Payment Details, choose how this employee is paid.
3 The next section of the form will change depending on the employee's Pay Basis:

If the employee receives a Salary:

- Enter their Annual Salary
- Select the Calculator icon ( ) beside the Annual Salary box to calculate their Total per Month.

If the employee is paid Hourly:

- Enter their Hourly Rate and Normal hours per Week.
- Select the Calculator icon ( ) beside the Hourly Rate box to calculate their Total per Week.

If the employee’s pay is Variable:

- Enter their Hourly Rate
- Select the Calculator icon ( ) beside the Hourly Rate box to calculate their Total per Week.

4 The remaining fields will be filled in with default values. If the details for this employee are different (for instance, they work different days), you can change the information.

See steps 7 — 9 on page 8 to learn more about these fields.

5 Select the Irregular Payments box if the employee is a casual or seasonal worker, or is paid irregularly for some other reason.

Select Save once you’ve entered all this information.

To add another employee, select New Employee and repeat the process.
6. Set up BACS payment file exports

Although QuickBooks cannot process BACS payments directly, it can generate a BACS payment file for you to use with a separate BACS service.

If you don’t pay employees by BACS, skip to 7. Enter HMRC settings.

1 Select the QuickBooks cog icon and choose Employer Settings:

2 From the navigation, select BACS Configuration:

3 Select the Enabled tick box, then choose the BACS file Format you require.

4 Enter your company’s service user number into the Username (SUN) field.

5 Enter your company Account Name, Account Number and Sort Code.

6 Select Save once you’ve entered this information.

7 Select the cross icon ( — top right) to close this screen.
7. Enter HMRC settings

It’s important that you send Real Time Information (RTI) data to HMRC when you run payroll.

QuickBooks will do this for you, as long as you entered your HMRC registration details:

1. Select the QuickBooks cog icon and choose Employer Settings:

2. From the navigation, select HMRC Settings:

3. You’ll see a form requesting HMRC Details for your company.

So QuickBooks can submit RTI data for you, make sure you enter these details. They should be available from HMRC:

• **Employer PAYE Reference:** your unique PAYE reference

• **Payment Reference:** this is also called the Accounts Office Reference

• **HMRC User ID:** the username you use to sign in to HMRC services online

4. You can also complete the other fields on this page, if you have these details.

5. Select **Save** once you’ve entered this information.

6. Select the cross icon (x — top right) to close this screen.
8. Enter your year-to-date payroll data

If you have already run payroll during the current tax year, you must enter year-to-date payroll figures into QuickBooks. This will ensure it performs payroll calculations correctly.

All the figures you need should be available in your current payroll software, or from your current payroll provider.

**Important**
You must enter year-to-date payroll data for every employee who has already been paid in the current tax year.

**Alternatively…**
The instructions in this section explain how to enter year-to-date payroll figures. This is the quickest way to get started and we recommend it for most companies.

Alternatively, you can use QuickBooks to repeat all pay runs you have performed in this Tax Year. This takes longer (especially if you are a long way into the Tax Year) and the chance of mistakes is higher. However, if you would prefer to use this method, you can find instructions on page 21.

1. In the navigation bar, choose Employees
2. Select the employee for whom you want to enter payroll figures:
8. Enter your year-to-date payroll data... continued

3 In the navigation bar, choose Year to Date.

4 Select Make Adjustments to edit the figures shown.

5 In both the This Employment and National Insurance sections, insert the year-to-date figures for this employee.

In most cases, you should be able to copy figures over from the employee’s payslips or P11 form.

If this employee has received any statutory payments for the current tax year, enter these into the relevant boxes too.

6 Once you’ve checked the figures you’ve entered, select Save.

7 Select the cross icon (× — top right) to close this screen.

8 To enter year-to-date figures for another employee, select that employee from the drop-down list.
9. Enter year-to-date liability payments

If you have already made payments to HMRC for the current tax year, you must enter these amounts into QuickBooks to ensure the figures are up to date. Likewise, if you have been claiming the Employment Allowance in the current tax year, you must enter the amount you have left to claim. This will prevent you from claiming more than the £2000 allowance.

1. Select the QuickBooks cog icon and choose Employer Settings

2. From the navigation, select P32 Values

3. In the Opening Balances section, enter the amount of Employment Allowance you have left to claim. You should be able to find this information in the P32 Report from your previous software.

4. Enter the cumulative amount you have paid to HMRC in the current tax year.

5. You can also record the payments you have made to HMRC month by month which will help you keep track at the end of the year.

6. Once you’ve checked the figures you’ve entered, select Save P32 Values.

7. Select the cross icon (✓ — top right) to close this screen.
10. Check your year-to-date payroll data

To make sure you’ve entered your year-to-date payroll data correctly, you can run two reports in QuickBooks.

**Don’t skip this step…**

It’s vital your year-to-date payroll data is correct, because QuickBooks will use it to perform future payroll calculations. It only takes a few minutes to run and check these reports.

1. Choose Reports in the navigation bar.

2. Select P32 Report. After a moment, a PDF file will download to your computer.

3. Open the PDF file and make sure the figures in the report match your current payroll software.

4. If any figures in these reports don’t match your current payroll software, repeat the instructions in Enter your year-to-date payroll data (page 15)

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**You’re all set**

Now you’ve confirmed your payroll figures, you’re ready to start running payroll with QuickBooks.
11. How to run payroll

When you’re ready to run payroll in QuickBooks, it’s easy:

1. Sign in to QuickBooks Online at https://go.qbo.intuit.com/
2. In the navigation bar, choose Employees
3. Select Run Payroll
4. Follow the instructions on screen to run the Payroll Processing Wizard.
12. Repeating your old pay runs

Do you need to do this?
Only follow the instructions in this section if you decided not to enter year-to-date payroll figures as described on page 15.

Before you start using QuickBooks to run payroll regularly, you need to make sure your records start from the right position. For most businesses, the easiest, quickest way to do this is to enter year-to-date payroll figures as described on page 15.

Alternatively, you can repeat the pay runs you’ve performed this Tax Year (since 6 April), so your QuickBooks payroll records match your existing payroll records.

To repeat your old pay runs, you must have set your First Month to the first date of the current Tax Year, even though this is in the past (see page 7).

Should you repeat your old pay runs?
Repeating your old pay runs takes longer than entering year-to-date figures, particularly if you are a long way into the Tax Year or pay your employees weekly.

Because it involves many more steps, it’s easy to make mistakes too.

On balance, it’s best for most businesses to enter year-to-date figures, as shown on page 15.

However, if you repeat your old pay runs, QuickBooks will then contain complete payroll records for the current Tax Year. You’ll be able to view payslips, check individual pay runs and more, without referring to another set of records or your old software.

Make sure you have payslips for all employees covering the current Tax Year, or P11 forms from your current payroll software.

Repeating a pay run in QuickBooks involves two stages:

A. Record one-off payments and deductions
You need to perform this step if the pay run includes one-off payments or deductions for items like redundancy payments or expenses.

B. Check payslips and run payroll
Make sure figures for the pay run in QuickBooks match the original pay run, then approve the pay run and move on to the next one.

Which pay runs should you repeat?
The tax year runs from 6 April until 5 April the following year. For example, if today is 13 February 2015, you should repeat every pay run since 6 April 2014.
12. Repeating your old pay runs... continued

Follow the steps below to record a pay run in QuickBooks. Start with the first pay run of the current tax year, then repeat for each subsequent pay run.

You only need to follow stage A if the pay run includes one-off payments or deductions.

A. Record one-off payments or deductions

1. In the navigation bar, choose Employees
2. Select Variable Input
3. Select the relevant employee from the dropdown
12. Repeating your old pay runs... continued

4 Enter details any one-off payments and deductions for this employee:

To record a one-off payment

a In the PAYMENTS section, select the Add Item dropdown and choose the type of one-off item you would like to record

• Select the green ‘+’ sign (+)

b dropdown. A new item should appear above it, in yellow:

• Enter the payment amount into the box showing 0.00
12. Repeating your old pay runs... continued

To record a one-off deduction

1. In the DEDUCTIONS section, select the Add Item dropdown and choose the type of one-off item you would like to record.

2. Select the green ‘+’ sign (++) beside the dropdown. A new item should appear above it, in yellow.

   • Enter the deduction amount into the box showing 0.00.

   *This should be entered as a positive number (for instance, a £100.00 deduction should be entered as 100.00, not -100.00).*

3. Repeat these steps to record all one-off payments and deductions for this employee.

4. Select Save Changes.

5. Repeat steps 1 — 6 for other employees.
12. Repeating your old pay runs... continued

B. Check payslips and run payroll

1. In the navigation bar, choose Employees

2. Select the first employee in the Active Employees list

3. Select Payment & Deductions and make sure the employee’s salary details match the pay run you are repeating. If they don’t, change them as necessary and select Save.

4. Use the dropdown at the top of the screen to select the next employee

5. Repeat steps 3 — 4 for all other employees

6. Select Close to close the Edit Employee screen

7. Select Approve & Advance

8. Select a Pay Day that matches the date of the pay run you are repeating.
   For instance, if this pay run originally happened on 10 April 2014, select 10 April 2014
12. Repeating your old pay runs... continued

9. Make sure the figures in the summary table match those in your records for the original pay run.

10. Select Approve Payrun

11. You will see the Summary & Advance screen. On the Payslips Finalised line, select download

12. A PDF file containing employee payslips will download. Open it and check the figures match your records for this pay run.

13. Select download on the P32 Updated line. Again, make sure the figures in the PDF match your records.

14. On the Make Full Payment Submission (RTI) line, select Skip this Submission

15. In the dialog box that appears, choose OK

16. Select Advance to Next Period

Once you have repeated all pay runs, check your year-to-date payroll data (page 18).

You must repeat both stages of this process for each subsequent pay run.
13. Get further help

Get support and contact us through QuickBooks:

1. Sign in to QuickBooks Online at https://go.qbo.intuit.com/

2. Go to the help area to search for further articles.

3. If you can’t find the article you’re looking for, you’ll be prompted to email us.

Call us: 0808 234 5337, then select option 1 for VAT and payroll questions.